

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF OHIO
EASTERN DIVISION

UNITED STATES OF AMERICA,)	<u>INDICTMENT</u>
)	
Plaintiff,)	CASE NO.
)	
v.)	JUDGE
)	
RICHARD E. ALVAREZ and)	Title 18, Sections 371, 1343,
MARCUS ADKINS,)	United States Code
)	
Defendants.		

COUNT 1 - CONSPIRACY

The Grand Jury charges:

1. From in or about February 2005, through in or about November 2006, in the Northern District of Ohio, Eastern Division, and elsewhere, the defendant, RICHARD ALVAREZ, together with defendant, MARCUS ADKINS, and others known and unknown to the Grand Jury, did unlawfully, willfully and knowingly combine, conspire, confederate and agree with one another to commit certain offenses against the United States, that is, violations of Title 18, United States Code, Section 1343 (Wire Fraud).

Objects of Conspiracy

2. The objects of the conspiracy were as follows:
 - a. To engage in numerous fraudulent real estate transactions in the Cleveland and Toledo, Ohio, areas whereby false and fraudulent representations were made to the buyers of said properties and to mortgage companies that financed those purchases; and,
 - b. To obtain funds generated through the fraudulent real estate transactions.

Manner and Means

3. The manner and means by which the objectives of the unlawful conspiracy were accomplished consisted, among other things, of the following actions by defendants ALVAREZ, ADKINS, and others:
 - a. ALVAREZ and ADKINS engaged in a scheme to defraud mortgage companies by submitting falsified loan applications to secure loans in amounts thousands of dollars in excess of the purchase price paid to the sellers of several properties throughout the Northern District of Ohio. ALVAREZ and ADKINS would advise the sellers that the inflated loan amounts represented monies that they were going to use to update and repair the purchased properties. They directed the title companies to distribute the excess funds to them or their company,

Copper Properties, Inc. for said repairs. However, either no, or very little, repairs were actually completed on the properties purchased by ALVAREZ and ADKINS. Instead, they simply kept the additional monies for personal use;

- b. Defendants ALVAREZ and ADKINS, and others caused fraudulent loan applications to be submitted to prospective lenders in order to obtain financing for purchasers of said properties. These fraudulent loan applications would include any or all the following: false purchase price which was inflated to cover the down payment and closing costs, false purchase price which was inflated to cover the cost of allegedly necessary repairs to the property that were never made or completed, a false appraisal which inflated the true value of the property, a false second mortgage which enabled the defendants to fraudulently obtain additional funds from the transactions, false leases and rental agreements which concealed the true income generated by the property, falsified down payment by the buyer, and false verification of funds on deposit by the buyer;
- c. ALVAREZ and ADKINS utilized the services of mortgage brokers, appraisers, and title company employees in order to aid and assist them in their fraudulent real estate transactions; and

- d. ALVAREZ and ADKINS and others utilized various business names, including Copper Properties, Inc., in order to disguise the true nature of the real estate transactions, to conceal the identities of the true recipients of the funds generated by the fraudulent real estate transactions.

The Fraudulent Scheme

4. From about February 2005, until in or about June 2006, the defendants, RICHARD ALVAREZ and MARCUS ADKINS, engaged in the business of buying residential properties for investment in their names and/or the name of their company, Copper Properties, Inc. Defendants purchased residential properties under the guise of rehabilitating and/or improving the properties and reselling them for a profit, or renting the improved properties for a profit.

5. During the period from about February 2005 through June 2006, defendants ALVAREZ and ADKINS partnered in approximately thirteen (13) real estate transactions involving properties located in and around Cleveland and Toledo, Ohio. It was part of their agreement and conspiracy that the defendants would purchase these properties and inflate the purchase price for the properties in the purchase agreements, advising the sellers that the additional money was for repairs and/or improvements to the properties, but not reporting the actual lower purchase price on the closing documents. In addition, the defendants did not complete any of the repairs and/or improvements claimed to justify

the higher purchase price listed in the purchase agreements with the various sellers. Subsequently, the defendants would rent the properties and collect the monthly rental amount, but failed to pay the monthly mortgage payments on these properties. In order to deceive mortgage lenders, title companies, and others, defendants ALVAREZ and ADKINS presented fraudulent down payment information to conceal the fact that funds had not actually been paid by the buyers, and fraudulent rental agreements to inflate their incomes.

Overt Acts

6. On or about the dates indicated herein and in furtherance of the conspiracy and to effect the objects of the conspiracy, defendants ADKINS and ALVAREZ committed the following overt acts, by knowingly completing and processing false and fraudulent financial information and documentation relating to the following real estate transactions:

<u>Overt Act</u>	<u>Approximate Date</u>	<u>Property Address</u>	<u>Approx. Mortgage Amount</u>	<u>Approximate Amount Paid To Seller</u>
A	02/18/2005	12806 Melgrove Ave. Garfield Heights, Ohio	\$92,700	\$88,000
B	04/13/2005	9519 Larnder Ave. Cleveland, Ohio	\$87,300	\$68,291
C	04/29/2005	3622 E.61st St. Cleveland, Ohio	\$72,000	\$40,490
D	07/13/2005	3200 W. 43 rd St. Cleveland, Ohio	\$76,500	\$67,000

<u>Overt Act</u>	<u>Approximate Date</u>	<u>Property Address</u>	<u>Approx. Mortgage Amount</u>	<u>Approximate Amount Paid To Seller</u>
E	07/18/2005	3272 E. 118 th St. Cleveland, Ohio	\$85,500	\$68,000
F	07/21/2005	7735 Spafford Rd. Cleveland, Ohio	\$74,700	\$33,000
G	07/07/2005	3849 E. 55 th St. Cleveland, Ohio	\$72,000	\$61,900
H	08/08/2005	7205 Lawn Ave. Cleveland, Ohio	\$79,200	\$26,000
I	08/16/2005	3399 E. 145 th St. Cleveland, Ohio	\$90,000	\$82,000
J	09/06/2005	3001/3003 Bradwell Ave Cleveland, Ohio	\$96,300	\$83,000
K	10/07/2005	3562 E. 46 th St. Cleveland, Ohio	\$76,500	\$50,000
L	02/17/2006	4208 North Lockwood Toledo, Ohio	\$76,500	\$57,600
M	06/15/2005	3428 W. 59 th St. Cleveland, Ohio	refinance	\$79,000

All in violation of Title 18, United States Code, Section 371.

Counts 2 through 8 - Wire Fraud (Richard Alvarez)

COUNT 2 - WIRE FRAUD

The Grand Jury further charges:

1. The allegations of paragraphs 2 through 6 of Count 1 of the Indictment are realleged and incorporated by reference herein.

2. From on or about February 2005, until in or about June 2006, in the Northern District of Ohio, Eastern Division, the defendant, RICHARD ALVAREZ, and others acting in concert with him and at his direction, devised and intended to devise, executed and attempted to execute, a scheme and artifice to defraud Decision One Mortgage, and to obtain money and property from that company by means of false and fraudulent pretenses, representations and promises.

3. On or about February 18, 2005, for the purpose of executing said scheme and artifice, RICHARD ALVAREZ caused to be transmitted by means of wire communication in interstate commerce, writings, signs, signals, pictures, and sounds, to wit: a wire transfer from Decision One Mortgage located in North Carolina to an account of title company located in the Northern District of Ohio in the amount of approximately \$92,700 for the purchase of the property located at 12806 Melgrove Avenue, Garfield Heights, Ohio, which property went into foreclosure.

4. As a result of the defendant's fraudulent conduct, Decision One sustained a loss. All in violation of Title 18, United States Code, Section 1343.

COUNT 3 - WIRE FRAUD

The Grand Jury further charges:

1. The allegations of paragraphs 2 through 6 of Count 1 of the Indictment are realleged and incorporated by reference herein.

2. From on or about February 2005, until in or about June 2006, in the Northern District of Ohio, Eastern Division, the defendant, RICHARD ALVAREZ, and others acting

in concert with him and at his direction, devised and intended to devise, executed and attempted to execute, a scheme and artifice to defraud Novastar Mortgage, and to obtain money and property from that company by means of false and fraudulent pretenses, representations, and promises.

3. On or about April 13, 2005, for the purpose of executing said scheme and artifice, RICHARD ALVAREZ caused to be transmitted by means of wire communication in interstate commerce, writings, signs, signals, pictures, and sounds, to wit: a wire transfer from Novastar Mortgage located in Missouri to an account of a title company located in the Northern District of Ohio in the amount of approximately \$87,300 for the purchase of the property located at 9516 Larnder Avenue, Cleveland, Ohio, which property went into foreclosure.

4. As a result of the defendant's fraudulent conduct, Novastar sustained a loss.

All in violation of Title 18, United States Code, Section 1343.

COUNT 4 - WIRE FRAUD

The Grand Jury further charges:

1. The allegations of paragraphs 2 through 6 of Count 1 of the Indictment are realleged and incorporated by reference herein.

2. From on or about February 2005, until in or about June 2006, in the Northern District of Ohio, Eastern Division, the defendant, RICHARD ALVAREZ, and others acting in concert with him and at his direction, devised and intended to devise, executed and

attempted to execute, a scheme and artifice to defraud New Century Mortgage, and to obtain money and property from that company by means of false and fraudulent pretenses, representations, and promises.

3. On or about July 18, 2005, for the purpose of executing said scheme and artifice, RICHARD ALVAREZ caused to be transmitted by means of wire communication in interstate commerce, writings, signs, signals, pictures, and sounds, to wit: a wire transfer from New Century Mortgage located in California to an account of a title company located in the Northern District of Ohio in the amount of approximately \$85,500 for the purchase of the property located at 3272 E. 118th Street, Cleveland, Ohio, which property went into foreclosure.

4. As a result of the defendant's fraudulent conduct, New Century sustained a loss. All in violation of Title 18, United States Code, Section 1343.

COUNT 5 - WIRE FRAUD

The Grand Jury further charges:

1. The allegations of paragraphs 2 through 6 of Count 1 of the Indictment are realleged and incorporated by reference herein.

2. From on or about February 2005, until in or about June 2006, in the Northern District of Ohio, Eastern Division, the defendant, RICHARD ALVAREZ, and others acting in concert with him and at his direction, devised and intended to devise, executed and attempted to execute, a scheme and artifice to defraud Argent Mortgage, and to obtain

money and property from that company by means of false and fraudulent pretenses, representations, and promises.

3. On or about July 7, 2005, for the purpose of executing said scheme and artifice, RICHARD ALVAREZ caused to be transmitted by means of wire communication in interstate commerce, writings, signs, signals, pictures, and sounds, to wit: a wire transfer from Argent Mortgage located in Illinois to an account of a title company located in the Northern District of Ohio in the amount of approximately \$72,000 for the purchase of the property located at 3849 E. 55th Street, Cleveland, Ohio, which property went into foreclosure.

4. As a result of the defendant's fraudulent conduct, Argent sustained a loss. All in violation of Title 18, United States Code, Section 1343.

COUNT 6 - WIRE FRAUD

The Grand Jury further charges:

1. The allegations of paragraphs 2 through 6 of Count 1 of the Indictment are realleged and incorporated by reference herein.

2. From on or about February 2005, until in or about June 2006, in the Northern District of Ohio, Eastern Division, the defendant, RICHARD ALVAREZ, and others acting in concert with him and at his direction, devised and intended to devise, executed and attempted to execute, a scheme and artifice to defraud Argent Mortgage, and to obtain

money and property from that company by means of false and fraudulent pretenses, representations, and promises.

3. On or about August 8, 2005, for the purpose of executing said scheme and artifice, RICHARD ALVAREZ caused to be transmitted by means of wire communication in interstate commerce, writings, signs, signals, pictures, and sounds, to wit: a wire transfer from Argent Mortgage located in Illinois to an account of a title company located in the Northern District of Ohio in the amount of approximately \$79,200 for the purchase of the property located at 7205 Lawn Avenue, Cleveland, Ohio, which property went into foreclosure.

4. As a result of the defendant's fraudulent conduct, Argent sustained a loss. All in violation of Title 18, United States Code, Section 1343.

COUNT 7 - WIRE FRAUD

The Grand Jury further charges:

1. The allegations of paragraphs 2 through 6 of Count 1 of the Indictment are realleged and incorporated by reference herein.

2. From on or about February 2005, until in or about June 2006, in the Northern District of Ohio, Eastern Division, the defendant, RICHARD ALVAREZ, and others acting in concert with him and at his direction, devised and intended to devise, executed and attempted to execute, a scheme and artifice to defraud Argent Mortgage, and to obtain

money and property from that company by means of false and fraudulent pretenses, representations, and promises.

3. On or about September 6, 2005, for the purpose of executing said scheme and artifice, RICHARD ALVAREZ caused to be transmitted by means of wire communication in interstate commerce, writings, signs, signals, pictures, and sounds, to wit: a wire transfer from Argent Mortgage located in Illinois to an account of a title company located in the Northern District of Ohio in the amount of approximately \$96,300 for the purchase of the property located at 3001/3003 Bradwell Avenue, Cleveland, Ohio, which property went into foreclosure.

4. As a result of the defendant's fraudulent conduct, Argent sustained a loss.

All in violation of Title 18, United States Code, Section 1343.

COUNT 8 - WIRE FRAUD

The Grand Jury further charges:

1. The allegations of paragraphs 2 through 6 of Count 1 of the Indictment are realleged and incorporated by reference herein.

2. From on or about February 2005, until in or about June 2006, in the Northern District of Ohio, Eastern Division, the defendant, RICHARD ALVAREZ, and others acting in concert with him and at his direction, devised and intended to devise, executed and attempted to execute, a scheme and artifice to defraud New Century Mortgage, and to obtain

money and property from that company by means of false and fraudulent pretenses, representations, and promises.

3. On or about June 15, 2006, for the purpose of executing said scheme and artifice, RICHARD ALVAREZ caused to be transmitted by means of wire communication in interstate commerce, writings, signs, signals, pictures, and sounds, to wit: a wire transfer from New Century Mortgage located in Illinois to an account of a title company located in the Northern District of Ohio in the amount of approximately \$79,650 for the refinancing of the property located at 3428 W.59th Street, Cleveland, Ohio, which property went into foreclosure.

4. As a result of the defendant's fraudulent conduct, New Century sustained a loss. All in violation of Title 18, United States Code, Section 1343.

Counts 9 through 14 - Wire Fraud (Marcus Adkins)

COUNT 9 - WIRE FRAUD

The Grand Jury further charges:

1. The allegations of paragraphs 2 through 6 of Count 1 of the Indictment are realleged and incorporated by reference herein.

2. From on or about February 2005, until in or about June 2006, in the Northern District of Ohio, Eastern Division, the defendant, MARCUS ADKINS, and others acting in concert with him and at his direction, devised and intended to devise, executed and attempted to execute, a scheme and artifice to defraud Novastar Mortgage, and to obtain

money and property from that company by means of false and fraudulent pretenses, representations, and promises.

3. On or about April 29, 2005, for the purpose of executing said scheme and artifice, MARCUS ADKINS caused to be transmitted by means of wire communication in interstate commerce, writings, signs, signals, pictures, and sounds, to wit: a wire transfer from Novastar Mortgage located in Missouri to an account of a title company located in the Northern District of Ohio in the amount of approximately \$72,000 for the purchase of the property located at 3622 E. 61st Street, Cleveland, Ohio, which property went into foreclosure.

4. As a result of the defendant's fraudulent conduct, Novastar sustained a loss. All in violation of Title 18, United States Code, Section 1343.

COUNT 10 - WIRE FRAUD

The Grand Jury further charges:

1. The allegations of paragraphs 2 through 6 of Count 1 of the Indictment are realleged and incorporated by reference herein.

2. From on or about February 2005, until in or about June 2006, in the Northern District of Ohio, Eastern Division, the defendant, MARCUS ADKINS, and others acting in concert with him and at his direction, devised and intended to devise, executed and attempted to execute, a scheme and artifice to defraud New Century Mortgage, and to obtain

money and property from that company by means of false and fraudulent pretenses, representations, and promises.

3. On or about July 13, 2005, for the purpose of executing said scheme and artifice, MARCUS ADKINS caused to be transmitted by means of wire communication in interstate commerce, writings, signs, signals, pictures, and sounds, to wit: a wire transfer from New Century Mortgage located in California to an account of a title company located in the Northern District of Ohio in the amount of approximately \$76,500 for the purchase of the property located at 3200 W. 43rd Street, Cleveland, Ohio, which property went into foreclosure.

4. As a result of the defendant's fraudulent conduct, New Century sustained a loss. All in violation of Title 18, United States Code, Section 1343.

COUNT 11 - WIRE FRAUD

The Grand Jury further charges:

1. The allegations of paragraphs 2 through 6 of Count 1 of the Indictment are realleged and incorporated by reference herein.

2. From on or about February 2005, until in or about June 2006, in the Northern District of Ohio, Eastern Division, the defendant, MARCUS ADKINS, and others acting in concert with him and at his direction, devised and intended to devise, executed and attempted to execute, a scheme and artifice to defraud Argent Mortgage, and to obtain

money and property from that company by means of false and fraudulent pretenses, representations, and promises.

3. On or about July 21, 2005, for the purpose of executing said scheme and artifice, MARCUS ADKINS caused to be transmitted by means of wire communication in interstate commerce, writings, signs, signals, pictures, and sounds, to wit: a wire transfer from Argent Mortgage located in Illinois to an account of a title company located in the Northern District of Ohio in the amount of approximately \$74,700 for the purchase of the property located at 7735 Spafford Road, Cleveland, Ohio, which property went into foreclosure.

4. As a result of the defendant's fraudulent conduct, Argent sustained a loss.

All in violation of Title 18, United States Code, Section 1343.

COUNT 12 - WIRE FRAUD

The Grand Jury further charges:

1. The allegations of paragraphs 2 through 6 of Count 1 of the Indictment are realleged and incorporated by reference herein.

2. From on or about February 2005, until in or about June 2006, in the Northern District of Ohio, Eastern Division, the defendant, MARCUS ADKINS, and others acting in concert with him and at his direction, devised and intended to devise, executed and attempted to execute, a scheme and artifice to defraud Argent Mortgage, and to obtain money and property from that company by means of false and fraudulent pretenses, representations, and promises.

3. On or about August 16, 2005, for the purpose of executing said scheme and artifice, MARCUS ADKINS caused to be transmitted by means of wire communication in interstate commerce, writings, signs, signals, pictures, and sounds, to wit: a wire transfer from Argent Mortgage located in Illinois to an account of a title company located in the Northern District of Ohio in the amount of approximately \$90,000 for the purchase of the property located at 3399 E. 145th Street, Cleveland, Ohio, which property went into foreclosure.

4. As a result of the defendant's fraudulent conduct, Argent sustained a loss.

All in violation of Title 18, United States Code, Section 1343.

COUNT 13 - WIRE FRAUD

The Grand Jury further charges:

1. The allegations of paragraphs 2 through 6 of Count 1 of the Indictment are realleged and incorporated by reference herein.

2. From on or about February 2005, until in or about June 2006, in the Northern District of Ohio, Eastern Division, the defendant, MARCUS ADKINS, and others acting in concert with him and at his direction, devised and intended to devise, executed and attempted to execute, a scheme and artifice to defraud Novastar Mortgage, and to obtain money and property from that company by means of false and fraudulent pretenses, representations, and promises.

3. On or about October 7, 2005, for the purpose of executing said scheme and artifice, MARCUS ADKINS caused to be transmitted by means of wire communication in interstate commerce, writings, signs, signals, pictures, and sounds, to wit: a wire transfer from Novastar Mortgage located in North Carolina to an account of a title company located in the Northern District of Ohio in the amount of approximately \$76,500 for the purchase of the property located at 3562 E. 46th Street, Cleveland, Ohio, which property went into foreclosure.

4. As a result of the defendant's fraudulent conduct, Novastar sustained a loss.

All in violation of Title 18, United States Code, Section 1343.

COUNT 14 - WIRE FRAUD

The Grand Jury further charges:

1. The allegations of paragraphs 2 through 6 of Count 1 of the Indictment are realleged and incorporated by reference herein.

2. From on or about February 2005, until in or about June 2006, in the Northern District of Ohio, Eastern Division, the defendant, MARCUS ADKINS, and others acting in concert with him and at his direction, devised and intended to devise, executed and attempted to execute, a scheme and artifice to defraud New Century Mortgage, and to obtain money and property from that company by means of false and fraudulent pretenses, representations, and promises.

3. On or about February 17, 2006, for the purpose of executing said scheme and artifice, MARCUS ADKINS caused to be transmitted by means of wire communication in interstate commerce, writings, signs, signals, pictures, and sounds, to wit: a wire transfer from New Century Mortgage located in Illinois to an account of a title company located in the Northern District of Ohio in the amount of approximately \$76,500 for the purchase of the property located at 4208 North Lockwood, Toledo, Ohio, which property went into foreclosure.

4. As a result of the defendant's fraudulent conduct, New Century sustained a loss. All in violation of Title 18, United States Code, Section 1343.

A TRUE BILL.

United States v. Richard Alvarez and Marcus Adkins

A TRUE BILL.

FOREPERSON

WILLIAM J. EDWARDS
ACTING UNITED STATES ATTORNEY